



Statement of Compliance with the QCA Governance Code

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Chairman's Introduction

As Chairman, it is my responsibility to ensure that the Board is set up to make robust decisions and manage risk to achieve good corporate governance.

The Board is pleased to confirm that Impellam Group plc has adopted the Quoted Companies Alliance ("QCA") Corporate Governance Code ("the Code") in line with the London Stock Exchange's recent changes to the AIM Rules requiring all AIM-quoted companies to implement and comply with a recognised corporate governance code.

The Company Statement of Compliance with the Code sets out in broad terms how we currently comply and going forward we will provide annual updates.

Lord Ashcroft KCMG PC, Chairman

Principle 1: Establish a strategy and business model which promote long-term value for shareholders

The Company is the second largest staffing company in the UK and the sixth largest managed service provider worldwide. Clients across the world look to us for managed services and specialist staffing in the UK, North America, Australasia, the Middle East, and Europe.

- The vision, mission, strategy and business model of the Company are aligned to ensure long-term value for shareholders. Underpinning everything we do, is our high retention strategy which is based on engendering trust and loyalty to deliver better results and experiences to our customers, candidate, shareholders and employees.
- High-retention businesses will retain clients, candidates, employees and investors for longer, and will reap the benefits of that longevity delivering long term value for shareholders.

More detailed information about our strategy and business model can be found on our Company website and our Annual Report, including key challenges faced by the Group and how we address those challenges.

Principle 2: Seek to understand and meet shareholder needs and expectations

The Company remains committed to listening to and communicating openly with its shareholders to ensure that its vision, mission, strategy, business model and performance are clearly understood.

The Directors have visited a number of current and potential institutional shareholders to ensure a mutual understanding of objectives and to further explain the Company's strategy. The Board will also use the Annual General Meeting (AGM) to communicate with private and institutional investors whose participation it welcomes. The Non-Executive Directors will attend the AGM and are available to answer any questions relevant to the Committees they chair.

Corporate information, including all Company announcements, is available to shareholders, investors and the public on the Company's website (www.investors.impellam.com).

Principle 3: Take into account wider stakeholder and social responsibilities and their implications for long-term success

Engagement with our stakeholders

Engagement with our stakeholders strengthens our relationships and helps us make better business decisions to deliver on our commitments. The Board is updated on wider stakeholder feedback to enable it to understand and consider any issues in decision-making.

- Employees - We employ people who care about what we do. We train and develop them so they have the right skills and experience to do their job by being experts in their field. Ultimately, we trust them to make the right decisions, collaborate and deliver on their promises. As a Company, we conduct regular employee engagement surveys and some businesses have also adopted 'happiness' metrics. The outcome of these surveys is utilised, where appropriate, to drive decision-making and action.
- Candidates - From the outset, we listen to our candidates and find them work that fulfils them and matches their attitudes, skills and aspirations. In line with candidate feedback, the Company rewards candidates fairly, retains them by treating them well, and finds them good work that interests and develops them, providing a sense of purpose. Net Promoter Score ("NPS") is institutionalised across the Company and regular feedback surveys are conducted and action taken based on feedback.
- Customers - We tune in to our customers and work closely with them to find engaged people to help them build better businesses in a changing world. We retain them, continuing to listen and partner with them to extend the scope and tenure of our services, and in doing so, open up more opportunities for organic growth. Again, NPS for customers is institutionalised across the organisation with satisfaction surveys and quarterly reviews undertaken as well.

Equality, diversity and inclusion (EDI)

We see it as our responsibility both to understand and to address the root causes of gender pay gaps. We are pleased that Impellam is leading by example by appointing and promoting women into senior roles. We are one of only 3.5% of AIM listed companies to be led by a woman, and in addition, 55% of our Board members and 35% of our Senior Leadership Team are women.

To encourage diversity, including gender, the Group has set up an EDI working party, comprised of our employees from across the business, to help address our gender pay gap and our social responsibilities, and in support of our people, our candidates, and the customers we work with.

Modern slavery

As part of the Group mission to find people fulfilling work, we strongly oppose modern slavery in all its forms and will try to prevent it by any means that we can. We expect anyone who has any suspicions of modern slavery in our business or our supply chain to raise their concerns without delay. In light of the Modern Slavery Act 2015 we annually review internal and external measures to ensure we are doing what we can to prevent slavery and human trafficking in our businesses and in our supply chains. Our policy is available on our website at www.impellam.com.

Environmental

The Company has been audited and found to meet the requirements of standard ISO 14001:2004 Environmental Management System and has a Sustainable Development Policy in place that applies to all parts of the Company which is consistent with the Strategy for Sustainable Development as published by the UK Government. We are committed to exceeding the minimum requirements of environmental legislation and have set up an employee committee to understand how Impellam can improve sustainable behaviours around our offices.

Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Board has responsibility for the Group's overall system of internal controls and for reviewing their effectiveness. They recognise that the system is designed to manage and mitigate, rather than eliminate, the risk of failure to achieve business objectives. It can provide only reasonable and not absolute assurance against material financial misstatement or loss. The Board has established an organisational structure with clear Terms of Reference that must be adhered to by all subsidiaries.

There is a programme of regular review by the Board and executive management, which provides assurance that the control environment is operating as intended. A key element of this review is strategic business planning and subsequent performance monitoring. Each business has defined financial performance plans that are agreed by the Board at the beginning of each financial period to meet Company objectives. These plans contain measurable performance targets, which are continuously monitored to identify shortfalls, so that corrective actions can be taken.

In addition, the Company and its subsidiaries maintain risk registers that are updated and reviewed by the Audit Committee on a regular basis, whilst reviewing generally the effectiveness of the Company's internal control system. The Group Head of Internal Audit and Risk is also responsible for carrying out internal audit and for reporting on the same to the Audit Committee.

Principle 5: Maintain the Board as a well-functioning, balanced team lead by the Chair

The Board of Directors comprises the Non-Executive Chairman, two Executive Directors and four other Non-Executive Directors. The Board is responsible for overseeing the management of the Group's strategy and its businesses, reviewing trading performance, ensuring adequate funding, maintaining a system of internal controls and risk assessment, ensuring good corporate governance and reporting to shareholders. The Board meets when required and at least eight times per annum. During the year ended 31 December 2017, the Board met on eight occasions, and for 2018 will also meet on at least eight occasions. Relevant high-quality information, consisting of detailed reports and presentations, is circulated to the Directors in advance of meetings by the Company Secretary.

The number of scheduled Board meetings and Committee meetings attended as a member by each Director during the year to date are set out below:

	Board (6 meetings)	Audit Committee (2 meetings)	Remuneration Committee (1 meeting)
Lord Ashcroft	5	n/a	n/a
Julia Robertson	6	n/a	n/a
Alison Wilford	6	2	n/a
Angela Entwistle	6	n/a	1
Mike Ettlting	6	2	n/a
Michael Laurie	6	2	1
Baroness Stowell	6	n/a	n/a

The Non-Executive Chairman and Angela Entwistle are not considered to be independent due to their links with the Company's major shareholder. All the other Non-Executive Directors are considered to be independent.

Principle 6: Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

On appointment, the Directors receive relevant information about the Group; the role of the Board and the matters reserved for its decision-making; membership of the principal Board Committees and the powers delegated to those Committees; the Group's corporate governance policies and procedures and the latest financial information. Throughout their period in office, the Directors are regularly updated on the Group's business and the environment in which it operates. All Directors receive regular and timely information on the Group's operational and financial performance and any legal or governance requirements of the Group and those which affect them as Directors. The Directors have direct access to the advice and services of the Company Secretary and Chief Financial Officer, and are able to take professional advice in the furtherance of their duties at the Company's expense, where required.

The Board is satisfied that, between the Directors, it has an effective and appropriate balance of skills and experience, including in the areas of HR, technology, finance, communications, media, and government. There is an appropriate gender balance with the Board consisting of three male and four female members. The biographies of all Directors appear on the Company investor website: www.investors.impellam.com.

In accordance with the Company's Articles of Association and the principles of good corporate governance, all Directors offer themselves for re-election at each Annual General Meeting.

Principle 7: Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

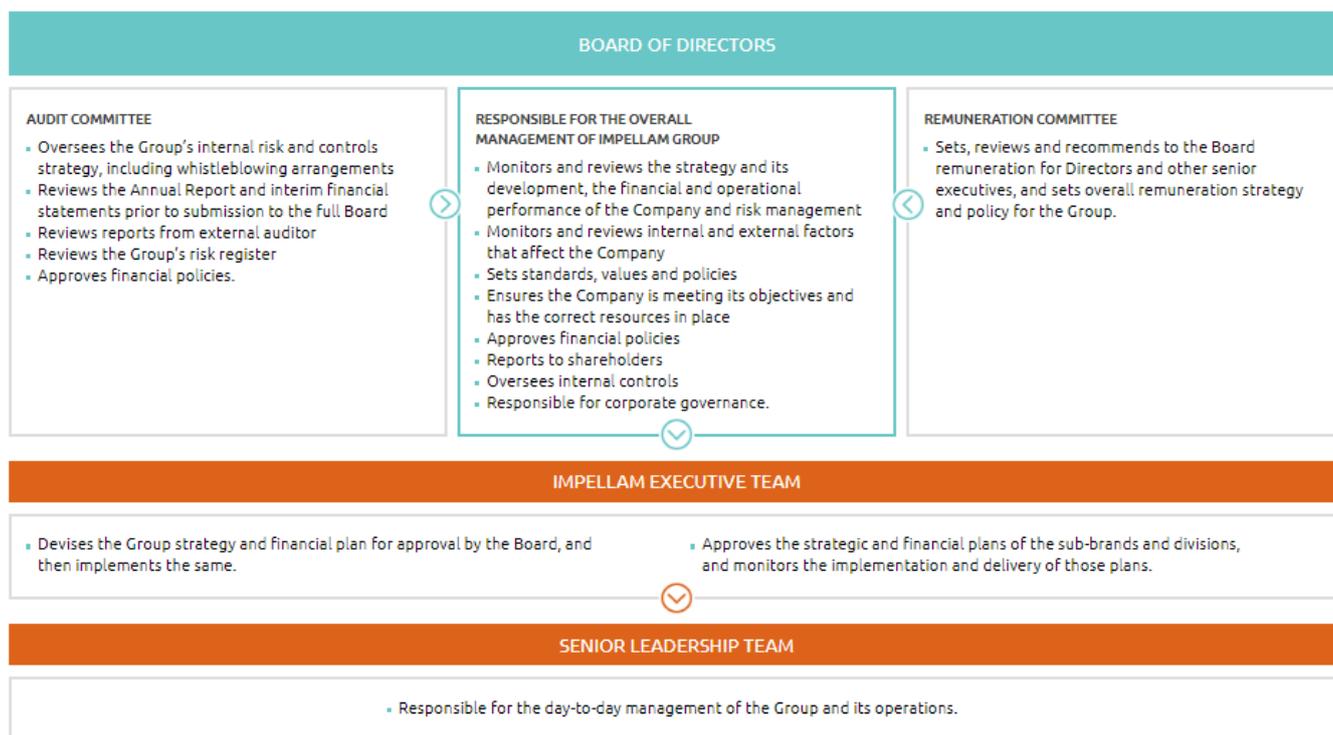
The Chairman assesses the individual contribution of each of the members of the Board to ensure a well-balanced and committed team. Over the next twelve months, the Board will assess its performance as a unit to ensure the members collectively function in an efficient and productive manner. In addition, a review of succession planning will be undertaken.

Principle 8: Promote a corporate culture that is based on ethical values and behaviours

Our businesses work in 'The Impellam Way', which embeds a consistent company-wide culture, based on trusted behaviours, delivered by entrepreneurial Virtuoso leaders, who can drive our competitive advantage and deliver on our bold promises.

The Board is committed to maintaining appropriate standards for all the Company's business activities and ensuring that these standards are set out in written policies. Key examples of such standards and policies include the 'Code of Business Conduct'. Our 'Code of Business Conduct' demonstrates our commitment to maintaining the highest level of ethical standards and behaviours, wherever we operate in the world, and applies to all Impellam people from the Board down.

Principle 9: Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board



The Board has overall responsibility for corporate governance within the Group and this is underpinned by a framework aligned to the requirements of the business. This framework reflects the development of the Company's objectives, strategy and business model. The full Board retains certain matters for its own review and decision-making while other responsibilities are delegated to sub-committees of the Board, namely the Audit Committee and the Remuneration Committee.

There is a clear division of responsibilities between the Chairman and the Group Chief Executive Officer. The Chairman's primary role is ensuring that the Board functions properly, meets its obligations, and has the correct organisation and mechanisms in place to work effectively. The Group Chief Executive Officer's primary role is to provide overall leadership and vision in developing, alongside the Board, the strategic direction of the Company. The Group Chief Executive Officer is also responsible for the management of the overall business, ensuring strategic and business plans are effectively implemented, and the results of which are monitored and reported to the Board to ensure financial and operational objectives are attained.

The Board has a formal schedule of matters aligned to its oversight responsibilities and specifically reserved for its decision. All Directors are subject to election by shareholders at the first opportunity after their appointment and subject to re-election every year. The Board considers that the Non-Executive Directors bring a range of business and financial experience to the Group. They are responsible for scrutinising the performance of management and determining appropriate levels of remuneration of Executive Directors. They also have a key role in appointing and, when required, removing Executive Directors.

The Board has an Audit Committee whose responsibilities include oversight of the Group's internal risk and controls strategy, reviewing interim and Annual Reports and financial statements prior to their submission to the full Board and reviewing reports from the external auditor. On behalf of the Board, they also examine and review internal financial controls; financial and accounting policies and practices; and the form and content of financial reports and statements, plus the financial judgements therein. The Committee also reviews the independence, objectivity, performance, behaviour, and effectiveness of the external auditor, and the nature of any non-audit services provided by them. The

Committee operates under written Terms of Reference, available on the Company's website, and meets at least twice each year.

The Board has a Remuneration Committee that is responsible for making recommendations to the Board on Directors' remuneration. It also reviews recommendations from the Group Chief Executive Officer on other senior executives' remuneration, including performance-related remuneration. The Committee operates under written Terms of Reference, which are available on the Company's website.

Principle 10: Communicate how the Company is governed and performing by maintaining a dialogue with shareholders and other relevant stakeholders.

The Company communicates with shareholders through the Annual Report and Accounts, full-year and half-year announcements, the Annual General Meeting (AGM) and one-to-one meetings with large existing or potential new shareholders.

A range of corporate information (including all Company announcements and presentations) is available to shareholders, investors and the public on the Company's website: www.impellam.com.

The Board receives regular updates on the views of shareholders through briefings and reports from the Group Chief Executive Officer, Chief Finance Officer and Company Secretary.

The Company completes regular employee surveys to maintain an open dialogue with employees and an internal communication platform encourages all Impellam employees to voice expert opinions, provide feedback and to collaborate across the Company. Employee, customer, candidate and supplier ratings, collected through bi-annual NPS, remains a key KPI for the Group.

For further information, please visit www.impellam.com.

26 September 2018